

Message Text

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FM SECSTATE WASHDC

TO AMEMBASSY CARACAS

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E.O. 11652: N/A

TAGS: PFOR, ETRD

SUBJECT: MEMORANDUM OF AMBASSADOR EBERLE'S TRADE CONSULTATION IN VENEZUELA

1. DURING TRADE CONSULTATIONS WITH GOV OFFICIALS IN CARACAS, APRIL 29, 1974, AMBASSADOR EBERLE OFFERED TO SEND THE GOV A MEMORANDUM OF THE U.S. UNDERSTANDING OF THE SUBSTANCE OF THE CONSULTATIONS. THE MEMORANDUM SHOULD BE DELIVERED TO APPROPRIATE GOV OFFICIALS. NO REPLY IS EXPECTED THOUGH WE WOULD BE PLEASED TO RECEIVE ANY COMMENTS THAT THE GOV MAY WISH TO MAKE. THE MEMORANDUM FOLLOWS.

2. QUOTE: ON APRIL 29, 1974, AN OFFICIAL DELEGATION FROM THE UNITED STATES HEADED BY AMBASSADOR WILLIAM D. EBERLE, THE SPECIAL TRADE REPRESENTATIVE OF THE PRESIDENT, MET WITH A VENEZUELAN DELEGATION HEADED BY THE DIRECTOR GENERAL OF UNCLASSIFIED

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THE FOREIGN TRADE INSTITUTE JESUS FERNANDEZ TO DISCUSS

MATTERS OF MUTUAL INTEREST IN THE TRADE FIELD.

AT THIS MEETING AMBASSADOR EBERLE REVIEWED THE MAJOR PROVISIONS AND THE CURRENT STATUS OF THE TRADE REFORM ACT (TRA) BILL WHICH HE HOPED WOULD BE PASSED BY CONGRESS THIS SUMMER. HE POINTED OUT THAT THE TRA CONTAINS AUTHORIZATION FOR THE U.S. TO IMPLEMENT A SYSTEM OF GENERALIZED PREFERENCES (GSP) FOR DEVELOPING COUNTRIES.

HE THEN EXPRESSED THE HOPE OF SENDING AN INITIAL PRODUCT LIST, ON WHICH TARIFFS ON IMPORTS FROM DEVELOPING COUNTRIES WOULD BE REDUCED TO ZERO, TO THE TARIFF COMMISSION FOR STUDY AND TO MAKE RECOMMENDATIONS TO THE PRESIDENT AS SOON AS POSSIBLE AFTER THE TRA IS ENACTED. AMBASSADOR EBERLE REQUESTED THAT VENEZUELA SUBMIT ITS LIST OF PRODUCTS IN PRIORITY ORDER TO THE U.S. AS SOON AS POSSIBLE AND ESPECIALLY PRIOR TO JUNE 30. AMBASSADOR EBERLE DESCRIBED THE CURRENT STATUS OF THE FOUR SUBCOMMITTEES OF THE TRADE NEGOTIATING COMMITTEE (TNC) IN GENEVA, I.E. TARIFF, NON-TARIFF, AGRICULTURAL, AND TROPICAL PRODUCTS AS WELL AS POSSIBILITIES FOR ESTABLISHING GROUPS ON SECTORS AND SAFEGUARDS. HE URGED VENEZUELA TO PARTICIPATE FULLY AND ACTIVELY IN THESE DISCUSSIONS IN ORDER TO HAVE AS WIDE A PARTICIPATION AS POSSIBLE AND TO ASSURE THAT THEIR INTERESTS WOULD BE PROTECTED. AMBASSADOR EBERLE ALSO REFERRED TO THE PROBLEM OF COMMODITIES THAT ARE SOMETIMES IN SHORT SUPPLY AND SUGGESTED THAT THIS PROBLEM COULD BEST BE TREATED BY DEVELOPING COMMONLY AGREED GUIDELINES, PROBABLY WITHIN THE GATT FRAMEWORK, WHEN SUCH A SHORT SUPPLY SITUATION AROSE. THUS, THE ADMINISTRATION SUPPORTS THAT POSITION OF THE RIBICOFF-MONDALE AMENDMENT TO THE TRA THAT PROVIDES FOR MULTILATERAL RULES ON SHORT SUPPLY.

IN RESPONSE TO SPECIFIC QUESTIONS, AMBASSADOR EBERLE OUTLINED THE POSITION OF THE U.S. AS FOLLOWS:

A. SHORT SUPPLY. AMBASSADOR EBERLE POINTED OUT THAT AUTHORITY UNDER TRA WOULD PERMIT THE U.S. TO REACT ON A UNILATERAL BASIS BY TAKING ACTION AGAINST COUNTRIES

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WHICH IMPOSE RESTRAINTS ON EXPORTS TO THE U.S.

B. COUNTERVAILING DUTIES. THE U.S. RECOGNIZES THE NEED OF DEVELOPING COUNTRIES TO IMPLEMENT WHAT SHOULD BE REGARDED AS LEGITIMATE SUBSIDIES TO FOSTER THEIR ECONOMIC GROWTH. IN THIS REGARD, THE U.S. URGES THE ESTABLISHMENT OF AN INTERNATIONAL CODE ON SUBSIDIES AND COUNTERVAILING DUTIES.

C. ELIGIBILITY FOR GSP. THERE ARE TWO MANDATORY REQUIREMENTS FOR GSP: (A) GSP WILL BE GRANTED ONLY TO THOSE COUNTRIES WHICH ALREADY HAVE MFN STATUS, AND (B) BENEFICIARY COUNTRIES MAY NOT EXTEND REVERSE PREFERENCES TO DEVELOPED COUNTRIES.

D. NON-TARIFF BARRIERS (NTB'S). THE U.S. HOPES THAT THE MULTILATERAL TRADE NEGOTIATIONS WILL SUBSTANTIALLY REDUCE NTB'S.

E. TRANSFER OF TECHNOLOGY. MOST U.S. TECHNOLOGY IS TRANSFERRED THROUGH THE PRIVATE SECTOR. THUS, WHILE A GOVERNMENTAL "UMBRELLA" MAY FACILITATE THE TRANSFER OF TECHNOLOGY, IN THE FINAL ANALYSIS PRIVATE INVESTMENT IS THE MAIN VEHICLE FOR SUCH TRANSFERS.

F. UNIT OF VALUE FOR MTN. THE U.S. HAS NO POSITION ON THIS ISSUE BUT HAS OBSERVED THAT THERE IS DIFFICULTY IN RECONCILING A UNIT OF VALUE BETWEEN THE IMF AND THE GATT. IT WAS ALSO NOTED THAT WHILE THE EC HAS RAISED THIS QUESTION, THEY HAVE NO ANSWER EITHER.

G. COMMON AGRICULTURAL POLICY (CAP). CONCERNING U.S.-EC DIFFERENCES RE THE EC'S CAP, AMBASSADOR EBERLE SAID THAT VENEZUELAN PARTICIPATION IN THE MTN COULD HELP MODERATE SUCH DIFFERENCES.

DIRECTOR GENERAL FERNANDEZ STATED THAT VENEZUELA HOPES TO TAKE AN ACTIVE PART IN THE MTN AND IS STUDYING MEANS BY WHICH NON-MEMBERS OF GATT CAN PARTICIPATE. HE RECOGNIZED THE NEED FOR VENEZUELA TO PARTICIPATE ACTIVELY, NOTING THE MINIMAL PARTICIPATION OF OTHER LATIN AMERICAN COUN-

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TRIES WITH THE EXPECTATION OF THE ANDEAN PACT AND ONE OR TWO OTHERS. END QUOTE RUSH

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NNN

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